

## Message Text

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ACTION AF-08

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 FS-01 OPR-02

ABF-01 /067 W

-----020646Z 004396 /15

R 011015Z APR 77

FM AMEMBASSY DAR ES SALAAM

TO SECSTATE WASHDC 4580

INFO AMEMBASSY NAIROBI

AMEMBASSY LUSAKA

AMEMBASSY MAPUTO

AMCONSUL ZANZIBAR POUCH

AMEMBASSY LONDON

AMEMBASSY PARIS

LIMITED OFFICIAL USE DAR ES SALAAM 1389

PARIS ACTION OFFICE PLEASE PASS INFO TO RFC

E.O. 11652: N/A

TAGS: EFIN, TZ

SUBJ: TANZANIA ISSUES NEW CURRENCY NOTE AND INVALIDATES OLD ONE

BEGIN UNCLAS

1. ON 31 MARCH TANGOV ANNOUNCED THAT BANK OF TANZANIA HAD BEGUN THAT DAY ISSUING NEW SHS. 100/- NOTES (EQUAL TO \$12). ANNOUNCEMENT ALSO ADVISED EVERYONE POSSESSING OLD SHS.100/- NOTES (THE HIGHEST DENOMINATION IN CIRCULATION) TO EXCHANGE OR DEPOSIT THEM AT BANKS, BECAUSE ON 7 APRIL THEY WOULD CEASE TO BE VALID LEGAL TENDER. SMALLER DENOMINATIONS AND COINS ARE NOT AFFECTED.

2. TANGOV OWNED DAILY NEWS OF APRIL 1 DESCRIBED RESULTANT

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CROWDS AT BANKS, DELAYS IN GETTING THE NEW NOTES UPCOUNTRY, AND PREMATURE REFUSAL OF SOME BUSINESSES TO ACCEPT OLD SHS. 100/- NOTES. BANK NOTICE ADVISED CUSTOMERS TO DEPOSIT RATHER THAN EXCHANGE AMOUNTS OF SHS. 5,000 (\$600) OR MORE. REPORTEDLY, THAT IS EFFECTIVE LIMIT FOR CASH EXCHANGE.

3. TANGOV MEDIA HAS OFFERED NO EXPLANATION FOR SUDDEN

ISSUANCE NEW NOTES AND INVALIDATION OF OLD. ARTICLE DID REPORT THAT CASHIERS WERE TAKING EXTRA PRECAUTIONS AGAINST RECEIVING COUNTERFEIT NOTES.

END UNCLASSIFIED; BEGIN LIMITED OFFICIAL USE

4. COMMENT: THERE IS WIDESPREAD HOARDING IN TANZANIA OF LARGE AMOUNTS OF CASH IN ORDER TO AVOID TAXES, CORRUPTION CHARGES, ETC. THE \$600 LIMIT WILL GRAVELY INCONVENIENCE SUCH HOLDERS OF CURRENCY AND A MINOR MARKET IN DISCOUNTED NOTES IS ALREADY UNDERWAY. HOWEVER, IT APPEARS IDENTIFICATION IS NOT REQUIRED TO EXCHANGE CURRENCY WHICH SUGGESTS THAT MAIN INTENT OF TANGOV ACTION WAS NOT TO CATCH HOARDERS. MORE LIKELY, TANGOV WANTED TO RENDER INVALID HOLDINGS OF TANZANIA CURRENCY OUTSIDE THE COUNTRY. SUCH AMOUNTS ARE BELIEVED TO BE SUBSTANTIAL, PARTICULARLY IN KENYA. TIMING OF TANGOV MOVE PROBABLY RELATED TO CURRENT CLOSURE OF BORDER WITH KENYA.

SPAIN

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NNN

## Message Attributes

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**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009